

**ALGIERS DEVELOPMENT DISTRICT  
OF THE CITY OF NEW ORLEANS**

**FINANCIAL AND COMPLIANCE AUDIT  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

***Sean M. Bruno***

***Certified Public Accountants***

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**Sean M. Bruno**  
**Certified Public Accountants**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners  
**Algiers Development District**  
**of the City of New Orleans**  
New Orleans, Louisiana

I have audited the accompanying financial statements of the governmental activities and the general fund of the **Algiers Development District of the City of New Orleans (the District)**, a component unit of the City of New Orleans, as of December 31, 2011, and for the year then ended, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of **the District's** management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

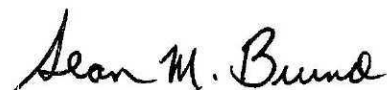
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **the District** as of December 31, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**INDEPENDENT AUDITOR'S REPORT**  
**(CONTINUED)**

To the Board of Commissioners  
**Algiers Development District**  
**of the City of New Orleans**  
New Orleans, Louisiana  
Page 2

In accordance with *Government Auditing Standards*, I have also issued my report dated June 19, 2012 on my consideration of **the District's** internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of my audit.

The Management's Discussion and Analysis on pages 3 through 7 and the Budgetary Comparison Schedule on page 24 are not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.



SEAN M. BRUNO

CERTIFIED PUBLIC ACCOUNTANTS

June 19, 2012

***Sean M. Bruno***  
***Certified Public Accountants***

**ALGIERS DEVELOPMENT DISTRICT  
OF THE CITY OF NEW ORLEANS  
(A Component Unit of the City of New Orleans)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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The **Algiers Development District of the City of New Orleans (the District)**, Management's Discussion and Analysis is intended to assist the reader in focusing on significant financial issues, provide an overview of **the District's** financial activity, and identify changes in **the District's** financial position and its ability to address the next and subsequent years' challenges. It also identifies any material deviations from the financial plan and identifies individual fund issues or concerns. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) "Basic Financial Statements – and Management's Discussion and Analysis - for State and Local Governments" and is intended to provide the financial results for the fiscal year ended December 31, 2011.

**MD&A**

Management's Discussion and Analysis

**Basic Financial Statements**

Government-Wide Financial Statements

Fund Financial Statements

Notes to the Financial Statements

**Other required Supplementary Information**

Required Supplementary Information

**ALGIERS DEVELOPMENT DISTRICT  
OF THE CITY OF NEW ORLEANS  
(A Component Unit of the City of New Orleans)  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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As indicated in the illustration, GASB 34 requires the presentation of two basic types of financial statements: Government-Wide Financial Statements and Fund Financial Statements.

**Government-Wide Financial Statements**

The government-wide financial statements are new and provide a perspective of **the District** as a whole. These statements use the full accrual basis of accounting similar to private sector companies. There are two government-wide statements: the Statement of Net Assets and the Statement of Activities.

The Statement of Net Assets, for the first time, combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations, regardless if they are currently available or not.

Consistent with the full accrual basis method of accounting, the Statement of Activities accounts for current year revenues and expenditures regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the user's analysis of the costs of various services.

**Fund Financial Statements**

The fund financial statements are similar to financial presentations of years past, but the new focus is on **the District's** major funds rather than fund types as in the past. The two account groups: General Fixed Assets and General Long-term Debt are no longer reported. Consistent with previous years, the fund financial statements are reported using the modified accrual method of accounting. Under this basis of accounting, revenues are recorded when received except where they are measurable and available and therefore represent resources that may be appropriated. Expenditures are accounted for in the period that goods and services are used. In addition, capital asset purchases are expensed and not recorded as assets. Debt payments are recorded as expenditures in the current year and future debt obligations are not recorded.

The General Fund is the only fund of **the District**.

**ALGIERS DEVELOPMENT DISTRICT  
OF THE CITY OF NEW ORLEANS  
(A Component Unit of the City of New Orleans)  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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**Financial Highlights**

**Summary of 2011 Assets and Liabilities**

As of December 31, 2011, the total assets of **the District** increased by \$190,081. This is the direct result of increased receivables from a grant program to support the construction of the Federal City YMCA.

As of December 31, 2011, the total liabilities of **the District** increased by \$541,822. This is the result of an increase in current years accounts payable for amounts due to contractors with respect to the Federal City YMCA project.

**Summary of 2011 Revenues**

For the year ended December 31, 2011, **the District** earned \$1,144,170 in tax revenue. This amount included \$315,529 which was due and received from the city and state at the beginning of 2012. Total revenues increased by \$480,155. Grant revenues increased by \$544,632, which is the direct result of the new YMCA Federal City Capital outlay. Sales tax collections decreased by \$95,222 due to economic conditions.

**Summary of 2011 Program Expenditures**

**The District** has the clear objective of economic development in Algiers and support of the Federal City Plan. Expenditures totaled \$2,401,458 in satisfaction of its program requirements and administrative costs for the year. For the year ended December 31, 2011 expenditures increased by \$1,483,798 due to increased costs related to the support of the Federal City project.

**Budget**

The original budget approved by management differed significantly from actual activity as a result of expected state allocated capital outlay programs being reallocated to the City of New Orleans. The original budget was not revised by management during the year.



**ALGIERS DEVELOPMENT DISTRICT  
OF THE CITY OF NEW ORLEANS**  
**(A Component Unit of the City of New Orleans)**  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2011

The following is a summary of the **District's** net assets:

	<b>Net Assets</b>	
	<u>2011</u>	<u>2010</u>
Current assets	\$ <u>3,604,664</u>	\$ <u>3,414,583</u>
Total assets	<u>3,604,664</u>	<u>3,414,583</u>
Current liabilities	<u>785,973</u>	<u>244,151</u>
Total liabilities	<u>785,973</u>	<u>244,151</u>
Net Assets:		
Restricted	<u>2,818,691</u>	<u>3,170,432</u>
Total net assets	\$ <u><u>2,818,691</u></u>	\$ <u><u>3,170,432</u></u>

The total net assets, all of which are restricted, decreased from 2010 by \$351,741 or approximately 11%, as a result of excess expenditures over revenues.

The following is a summary of the **District's** change in net assets:

	<b>Change in Net Assets</b>	
	<u>2011</u>	<u>2010</u>
Program revenues	\$ 2,014,299	\$ 1,564,889
Program expenditures	(2,298,082)	(600,161)
Administrative expenditures	<u>(103,376)</u>	<u>(77,499)</u>
Income (loss) from operations	(387,159)	887,229
Non-operating revenues	<u>35,418</u>	<u>4,673</u>
Change in net assets	(351,741)	891,902
Net assets, beginning of year	<u>3,170,432</u>	<u>2,278,530</u>
Net assets, end of year	\$ <u><u>2,818,691</u></u>	\$ <u><u>3,170,432</u></u>

**ALGIERS DEVELOPMENT DISTRICT  
OF THE CITY OF NEW ORLEANS  
(A Component Unit of the City of New Orleans)  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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**Economic Factors and Next year's Budget**

The major factor affecting the budget is the economy and its effect on tax collections. **The District's** budget is greatly affected by the amount of tax revenue received from the Tax Increment Financing District (tif).

As required by state law, the Board of Directors of **the District** adopts the original budget of **the District** prior to the commencement of the fiscal year to which the budget applies. **The District** is permitted by state law to amend its budget anytime during the fiscal year prior to the end of fiscal year to which the budget applies. **The District** did not amend its 2011 original budget.

**Revenue Budgets**

**The District's** actual general fund revenues of \$2,049,717 were less than the budget amount of \$5,370,000 by \$3,320,283. This is the result of a reduced amount of Capital Outlay funds as projects were redirected to the City of New Orleans. There is a corresponding decrease in related expenditures.

**Expenditures Budgets**

**The District's** actual general fund expenditures of \$2,401,458 were less than the budget expenditures of \$5,370,000 by \$2,971,542. This is the result of a reduced amount of Capital Outlay funds as projects were redirected to the City of New Orleans. There is a corresponding decrease in related revenues.

**Contacting The District Financial Management**

This financial report is designed to provide citizens, taxpayers, investors and creditors with a general overview of **the District's** finances and demonstrate **the District's** accountability for money it receives. If you have questions about this report or need additional information, contact **Algiers Development District** at 3520 Gen. Degaulle Dr., Suite 3110, New Orleans, LA 70114.

**ALGIERS DEVELOPMENT DISTRICT  
OF THE CITY OF NEW ORLEANS  
(A Component Unit of the City of New Orleans)  
STATEMENT OF NET ASSETS  
AS OF DECEMBER 31, 2011**

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ASSETS

Current Assets:

Cash and cash equivalents	\$ 247,140
Grants receivable	709,984
Sales tax revenue receivable	315,530
Investments	1,913,510
Land	240,000
Deposit	<u>178,500</u>

Total assets	\$ <u>3,604,664</u>
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LIABILITIES

Current liabilities:

Accounts payable	\$ 607,473
Deferred revenue	<u>178,500</u>

Total liabilities	<u>785,973</u>
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NET ASSETS

Invested in capital assets	240,000
Net assets restricted for economic development	<u>2,578,691</u>

Total net assets	<u>2,818,691</u>
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Total liabilities and net assets	\$ <u>3,604,664</u>
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The accompanying notes are an integral part of these financial statements.

**ALGIERS DEVELOPMENT DISTRICT  
OF THE CITY OF NEW ORLEANS  
(A Component Unit of the City of New Orleans)  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net (Expenses) Revenues and Change in Net Assets</u>
<b>FUNCTIONS</b>			
Governmental Activities:			
Economic development	\$ 2,090,547	\$ 870,129	\$ (1,220,418)
General and administrative	207,535	-	(207,535)
Other program costs	<u>103,376</u>	<u>-</u>	<u>(103,376)</u>
	<u>\$ 2,401,458</u>	<u>\$ 870,129</u>	<u>\$ (1,531,329)</u>
General Revenues:			
Sales tax for economic development			\$ 1,144,170
Miscellaneous			33,025
Interest income			<u>2,393</u>
Total general revenues			<u>1,179,588</u>
Change in net assets			(351,741)
Net assets, beginning of year			<u>3,170,432</u>
Net assets, end of year			<u>\$ 2,818,691</u>

The accompanying notes are an integral part of these financial statements.

**ALGIERS DEVELOPMENT DISTRICT  
OF THE CITY OF NEW ORLEANS  
(A Component Unit of the City of New Orleans)  
BALANCE SHEET--GOVERNMENTAL FUND--GENERAL FUND  
AS OF DECEMBER 31, 2011**

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	<u>GENERAL FUND</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 247,140
Grants receivable	709,984
Sales tax revenue receivables	315,530
Investments	1,913,510
Deposit	<u>178,500</u>
Total assets	\$ <u>3,364,664</u>
 <u>LIABILITIES AND FUND BALANCES</u>	
Liabilities:	
Accounts payable	\$ 607,473
Deferred revenues	<u>178,500</u>
Total liabilities	<u>785,973</u>
Fund balances:	
Reserved for:	
Economic development	<u>2,578,691</u>
Total liabilities and fund balances	\$ <u>3,364,664</u>

The accompanying notes are an integral part of these financial statements.

**ALGIERS DEVELOPMENT DISTRICT  
OF THE CITY OF NEW ORLEANS  
(A Component Unit of the City of New Orleans)  
RECONCILIATION OF THE BALANCE SHEET-  
GOVERNMENTAL FUND TO THE STATEMENT OF NET ASSETS  
AS OF DECEMBER 31, 2011**

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Total fund balance- Governmental Fund - General Fund	\$ 2,578,691
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Amounts reported for governmental activities in the  
Statement of Net Assets are different because:

Capital Assets used in governmental activities are not  
financial resources and therefore are not reported in the  
governmental fund

The cost of the capital asset (land) totaled	<u>240,000</u>
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Net Assets of governmental activities	\$ <u>2,818,691</u>
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**ALGIERS DEVELOPMENT DISTRICT  
OF THE CITY OF NEW ORLEANS  
(A Component Unit of the City of New Orleans)**  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE--GOVERNMENTAL FUND--GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011

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	<u>GENERAL FUND</u>
Revenue:	
Sales tax for economic development	\$ 1,144,170
Grants and contracts	870,129
Miscellaneous income	33,025
Interest income	<u>2,393</u>
Total revenue	<u>2,049,717</u>
Expenditures:	
Economic development projects	2,090,547
General and administrative	207,535
Other program costs	<u>103,376</u>
Total expenditures	<u>2,401,458</u>
Net change in fund balance	(351,741)
Fund balance, beginning of year	<u>2,930,432</u>
Fund balance, end of year	<u>\$ 2,578,691</u>

The accompanying notes are an integral part of these financial statements.

**ALGIERS DEVELOPMENT DISTRICT  
OF THE CITY OF NEW ORLEANS  
(A Component Unit of the City of New Orleans)  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND NET CHANGES IN FUND BALANCE-  
GOVERNMENTAL FUND- GENERAL FUND  
TO THE STATEMENT OF ACTIVITIES  
AS OF DECEMBER 31, 2011**

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THERE ARE NO RECONCILING DIFFERENCES BETWEEN THE CHANGES IN GOVERNMENTAL FUND BALANCE TO THE CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES.

The accompanying notes are an integral part of these financial statements.



**ALGIERS DEVELOPMENT DISTRICT  
OF THE CITY OF NEW ORLEANS  
(A Component Unit of the City of New Orleans)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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NOTE 1 - **BACKGROUND AND SUMMARY OF  
SIGNIFICANT ACCOUNTING POLICIES**

Background

**The Algiers Development District of the City of New Orleans (the District)**, a component unit of the City of New Orleans, is a special taxing district created by legislation embodied in Louisiana Revised Statutes 33.2740.27 as amended effective June 1, 2009. The Council of the City of New Orleans has power and control over and is responsible for the functions and administration of **the District**. The special taxing district is comprised of all territories within the fifteenth ward of Orleans Parish, State of Louisiana. **The District** is capable of levying ad valorem taxes on real estate in the district in conjunction with planning, developing, constructing or acquiring services, improvements or facilities within the district proper, subject to approval by the City Council of New Orleans. **The District** has been designated as a local redevelopment authority for the federal military base realignment purposes and has been authorized to incur debt, including revenue bonds from revenue sources for its enumerated purposes.

Summary of Significant Account Policies

A. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the nonfiduciary activities of the primary government.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct* expenses are those that are clearly identifiable and a specific function or segment. *Program* revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*. Major individual governmental funds are reported as separate columns in the fund financial statements.

**ALGIERS DEVELOPMENT DISTRICT  
OF THE CITY OF NEW ORLEANS  
(A Component Unit of the City of New Orleans)**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2011

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NOTE 1 - **BACKGROUND AND SUMMARY OF  
SIGNIFICANT ACCOUNTING POLICIES, Continued**

B. **Measurement Focus, Basis of Accounting,  
and Financial Statement Presentation**

The governmental-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as seen as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the government generally considers revenues to be available if they are collected within sixty days of the end of the current listed period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Grants and entitlements and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when **the District** receives cash.

*Fund Accounting*

**The District** uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing, set of accounts. **The District** currently only uses governmental funds.

**ALGIERS DEVELOPMENT DISTRICT  
OF THE CITY OF NEW ORLEANS  
(A Component Unit of the City of New Orleans)**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2011

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NOTE 1 - **BACKGROUND AND SUMMARY OF  
SIGNIFICANT ACCOUNTING POLICIES, Continued**

*Governmental Funds*

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

**The District** reports the following major governmental funds:

General Fund - The general fund is used to account for all financial resources of **the District** except those required to be accounted for in another fund. The general fund balance is available to **the District** for any purpose provided it is expended or transferred according to legislation and city ordinances and agreements governing **the District**.

*Revenues, Exchange and Non-Exchange Transactions*

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

**ALGIERS DEVELOPMENT DISTRICT  
OF THE CITY OF NEW ORLEANS  
(A Component Unit of the City of New Orleans)**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2011

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NOTE 1 - BACKGROUND AND SUMMARY OF  
SIGNIFICANT ACCOUNTING POLICIES, Continued

*Revenues, Exchange and Non-Exchange Transactions, Continued*

Non-exchange transactions, in which **the District** receives value without directly giving value in return, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the resources are provided to **the District** on the reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

*Expenses/Expenditures*

On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

C. Cash and Cash Equivalents

For presentation purposes in the financial statements, investments with an original maturity of three months or less at the time they are purchased by **the District** are considered to be cash equivalents. Investments with an original maturity of more than three months are reported as investments.

**ALGIERS DEVELOPMENT DISTRICT  
OF THE CITY OF NEW ORLEANS  
(A Component Unit of the City of New Orleans)  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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NOTE 1 - **BACKGROUND AND SUMMARY OF  
SIGNIFICANT ACCOUNTING POLICIES, Continued**

**D. Interfund Transactions**

During the course of normal operations, the governmental entity may have numerous transactions between funds. Interfund transactions are generally classified as follows:

Transfers are reported as "Other Financing Sources and Uses" in the governmental funds, as "Transfers In" by the recipient fund, and "Transfers Out" by the disbursing fund.

On the governmental funds balance sheet, receivables and payables resulting from short-term interfund loans are classified as "interfund loan receivable/payables." These amounts are eliminated on the statement of net assets. Since **the District** had only one fund for 2011 there are no interfund transactions for **the District**.

**E. Capital Assets**

General capital assets generally result from expenditures in the governmental funds. These assets are reported on the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. **The District** had no capital assets as of December 31, 2011.

**F. Intergovernmental Revenues**

For governmental funds, intergovernmental revenues, such as contributions awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available.

**ALGIERS DEVELOPMENT DISTRICT  
OF THE CITY OF NEW ORLEANS  
(A Component Unit of the City of New Orleans)  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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NOTE 1 - BACKGROUND AND SUMMARY OF  
SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Net Assets

Net assets present the difference between assets and liabilities in the Statement of Net Assets. Net assets invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by **the District** legislation or external restrictions by creditors, grantors, laws or regulation of other governments.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

I. Program Revenues

Program revenues consist of sales tax collections, grants and contracts earned during the year, and certain other types of revenues that furthers the mission of **the District**.



**ALGIERS DEVELOPMENT DISTRICT  
OF THE CITY OF NEW ORLEANS  
(A Component Unit of the City of New Orleans)**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2011

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NOTE 1 - BACKGROUND AND SUMMARY OF  
SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Reconciliation of Government-Wide and Fund Financial Statements

*Explanation of certain differences between governmental fund balance sheet and the governmental-wide statement of net assets.*

The governmental fund balance sheet includes reconciliation between *total governmental fund balances* and *net assets of governmental activities* as reported in the government-wide statement of net assets.

NOTE 2 - CASH AND CASH EQUIVALENT

At December 31, 2011, the carrying amount of **the District's** deposits totaled \$307,206. **The District** did not have any deposits in excess of Federal Deposit Insurance Corporation ("FDIC") coverage limits as of December 31, 2011.

NOTE 3 - DEPOSIT / MEMORANDUM OF UNDERSTANDING

**The District** entered into a memorandum of understanding with the New Orleans Redevelopment Authority (NORA) to attempt to expropriate blighted properties identified by **the District** located in Algiers. In accordance with the agreement, **the District** is required to place on deposit with NORA the total appraised value of the property to be expropriated. The deposited funds will be utilized to cover certain appraisal and legal costs as well as amounts required to compensate the owner of the blighted property. If NORA is unsuccessful in purchasing the property as a result of the property owner bringing the property up to code, then the funds will be returned to the District less any fees incurred. The total amount on deposit with NORA at December 31, 2011 totals \$178,500.

**ALGIERS DEVELOPMENT DISTRICT  
OF THE CITY OF NEW ORLEANS  
(A Component Unit of the City of New Orleans)  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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**NOTE 4 - INVESTMENTS**

At December 31, 2011, the **District** holds investments totaling \$1,913,510 as follows:

	<u>Carrying Amount</u>	<u>Market Value</u>
Louisiana Asset Management Pool (LAMP)	\$ 1,912,693	\$ 1,912,693

In accordance with GASB Codification Section 150.126, the investment in LAMP at December 31, 2011 is not categorized in three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local governments having contracted to participate in LAMP may have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's Investment Guidelines were amended to permit the Investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h), which allow municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.



**ALGIERS DEVELOPMENT DISTRICT  
OF THE CITY OF NEW ORLEANS  
(A Component Unit of the City of New Orleans)  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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**NOTE 4 - INVESTMENTS, CONTINUED**

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with maturity in excess of 397 days. LAMP is designated to be highly liquid to give its participants immediate access to their accounts balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of pool shares.

LAMP, Inc. is subject to the regulatory oversight of the State Treasurer and the Board of Directors. LAMP is not registered with the SEC as an investment company.

**NOTE 5 - COOPERATIVE ENDEAVOR AGREEMENTS**

**The District** receives funds from a Cooperative Endeavor Agreement entered into with the City of New Orleans and the Algiers Economic Development District No. 1, created by the New Orleans City Council authorized by La.R.S. 33:9038.1, et seq. receiving incremental state and city sales taxes from the Tax Increment Financing District ("TIF"), created pursuant to City of New Orleans Ordinance No. 24.920 M.C.S. Pursuant to the terms of the Cooperative Endeavor Agreement, on an accrual basis, **the District** shall receive the lesser of the incremental funds from the TIF or \$1,000,000. The receipt of these funds are conditioned on **the District** receiving matching funds from the State of Louisiana pursuant to an agreement between the Algiers Economic Development No. 1 and the State of Louisiana. TIF consists of sales tax generated from the Wal-Mart store and other parcel businesses located on Behrman Highway in Algiers and 1¼ cents of each of the city and state sales tax revenue is received by **the District** from the Cooperative Endeavor Agreement and the state match. The use of the TIF is limited to a period of forty-two years as amended by the City Council and approved by the mayor on June 1, 2009 in accordance with City Ordinance No. 24.920. During 2011, **the District** received \$416,402 from the City of New Orleans and \$412,239 from the State of Louisiana for the year ended December 31, 2011. At December 31, 2011, the City of New Orleans and the State of Louisiana had amounts due to **the District**, which totaled \$158,559 and \$156,970, respectively.

**ALGIERS DEVELOPMENT DISTRICT  
OF THE CITY OF NEW ORLEANS  
(A Component Unit of the City of New Orleans)**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2011

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**NOTE 6 - NET ASSETS RESTRICTIONS AND COMMITMENTS**

The net asset balance at December 31, 2011 consists of the balance of funds originally received pursuant to economic development funds from the State of Louisiana in 1997 and 1998 for economic development program for Algiers and was restricted for that purpose. The net asset balance at December 31, 2011 is restricted for its economic development obligations and projects pursuant to its Cooperative Endeavor Agreement with the City of New Orleans to promote economic development.

**NOTE 7 - ECONOMIC DEPENDENCY**

**The District** receives the majority of its revenue from funds provided through the TIF district pursuant to its Cooperative Endeavor Agreement with the City of New Orleans. The terms of this agreement expires with the expiration of the dedicated sales tax revenues to the TIF. The expiration of the TIF shall cause a significant reduction of revenue to **the District** with resultant adverse impact on its operations.

**NOTE 8 - SUBSEQUENT EVENTS**

ASC Topic 855-10 requires the disclosure of the date through which **the District** has evaluated subsequent events and the reason for selecting that date. **The District** evaluated subsequent events from January 1, 2012 to June 19, 2012, the date the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**ALGIERS DEVELOPMENT DISTRICT  
OF THE CITY OF NEW ORLEANS  
(A Component Unit of the City of New Orleans)  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Original Budget	Actual Amounts	Budget Positive (Negative)
<u>REVENUES</u>			
TIF payments	\$ 1,300,000	\$ 1,144,170	\$ (155,830)
Interest income	5,000	2,393	(2,607)
State appropriations-capital outlay	4,065,000	870,129	(3,194,871)
Other income	-	33,025	33,025
Total revenues	<u>5,370,000</u>	<u>2,049,717</u>	<u>(3,320,283)</u>
<u>EXPENDITURES</u>			
Capital improvements	4,065,000	874,809	3,190,191
Economic development projects	380,000	223,262	156,738
Federal City	600,000	992,476	(392,476)
Professional services	100,000	115,915	(15,915)
Administrative services	178,000	74,996	103,004
Other expenditures	<u>50,000</u>	<u>120,000</u>	<u>(70,000)</u>
Total expenditures	<u>5,373,000</u>	<u>2,401,458</u>	<u>2,971,542</u>
Net change in fund balance	<u>(3,000)</u>	<u>(351,741)</u>	
Fund balance, beginning of year	<u>2,275,303</u>	<u>3,170,432</u>	
Fund balance, end of year	<u>\$ 2,272,303</u>	<u>\$ 2,818,691</u>	

See Independent Auditor's Report on Supplementary Information.

**Sean M. Bruno**  
**Certified Public Accountants**

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Member  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENTAL AUDITING STANDARDS**

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To the Board of Commissioners  
**Algiers Development District**  
**of the City of New Orleans**  
New Orleans, Louisiana

I have audited the financial statements of **Algiers Development District of the City of New Orleans (the District)**, a component unit of the City of New Orleans, as of and for the year ended December 31, 2011 and have issued my report thereon dated June 19, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standard applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of **the District** is responsible for establishing and maintaining effective internal controls over financial reporting. In planning and performing my audit, I considered **Algiers Development District of the City of New Orleans'** internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Algiers Development District of the City of New Orleans'** internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of **Algiers Development District of the City of New Orleans'** internal control over financial reporting.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
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**(CONTINUED)**

Internal Control Over Financial Reporting, Continued

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Algiers Development District of the City of New Orleans'** financial statements are free of material misstatement, I performed test of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material affect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are require to be reported under Governmental Auditing Standards.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
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**(CONTINUED)**

Compliance and Other Matters, Continued

This report is intended for the information of the Board of Commissioners, management and the Legislative Auditor and is not intended to be, and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.



**SEAN M. BRUNO  
CERTIFIED PUBLIC ACCOUNTANTS**

June 19, 2012